

Lesson 3: My Money and Me Facilitator Guide

Overview

This lesson is about expanding student understanding on financial issues that they will encounter as they progress into working life including payslips, various taxes, TV Licences, and Mortgage decisions.

Purpose

It is designed to get a basic understanding of the decisions and options available to them as they progress out of school education and are faced with financial independence.

Objectives

Students will be able to:

- ☐ Communicate with classmates about financial decisions impacting their lives.
- ☐ Confidently use vocabulary related to mortgages, pensions, taxes and wages.

Agenda

Getting Started (5 min)

- What do you already know? (Vocabulary Wall)

Personal Finances 50 min)

- Wages and Payslips
- Income tax and national insurance
- Pensions
- Where to live: renting vs homeowner
- Bills and budgeting

Wrap-up (5 mins)

- Revisit the Vocabulary Wall and address any outstanding questions or uncertainties.

Preparation / Materials Needed

- ☐ Post-its, or paper and tape, or scraps of paper
- ☐ Poster paper for sharing innovations
- ☐ Download the session PowerPoint

Vocabulary

State Pension: A regular payment from the government most people can claim when they reach State Pension age.

Workplace Pension: A way of saving for your retirement that's arranged by your employer.

Wages: A fixed regular payment earned for work or services, typically paid on a daily or weekly basis.

Deductions: Amounts deducted from your wages to cover a variety of costs including income tax, national insurance, pension contributions.

Income tax: A tax you pay on your earnings.

National Insurance: Contributions made from your wages to qualify for certain benefits and the State Pension.

Mortgage: A loan taken out to buy a property.

TV Licence: Permission to watch or record live television programmes, or to download or watch programmes on demand.

Council Tax: A tax you pay to help fund services in your local community.

Teaching Guide

This guide includes a suggested script for the session (in orange). However, please feel free to tailor and adapt this accordingly when delivering.

Section 1: Getting Started (5 minutes)

Hi everyone! My name is ----- . Thanks for letting me join your program today. We are going to talk about your personal finances

Share the objectives of the session on the screen (slide 2)

Look at the topics listed on the board. As a group, think about what you already know about these topics and stick them on the wall.

This could just be a word or a phrase that they've heard, they don't need to know what it means.

Extension: If the students have any specific questions about any of the areas on the list, ask them to write these down too.

Allow students 3 minutes to write down their ideas/questions and stick them on the wall.

Section 2: Personal Finances (50 minutes)

Activity 1 - Wages and Payslips (7 minutes)

Pose the following question:

You want to buy an iPad which costs £400. If you have a job that pays £10 an hour, and you've worked 40 hours in the week you will have earned £400. Will you have enough money to pay for the iPad?

Guide the students through to the solution that their net pay will not be the amount they get as cash in the bank, for a number of reasons:

- Income taxes
- National Insurance
- Pension payments
- Student Loan repayments

Bring up the example Payslip on slide 5 and discuss the aspects on it (alternatively, print enlarged copies of these out for students to discuss between them). Explain that we will now understand what each of the deductions are.

Key discussion points may be when the tax year runs from and to and what a tax code is. Explain the difference between gross pay (the amount you get as your salary) and net pay (the amount that you come out with at the end).

Activity 2 - Income Tax (5 minutes)

Talk through slide 6 explaining the amount of tax that students pay, and explain that it is paid to the Government. Give **one minute** for them to solve the following problem using the tax rates on the slide:

If I earn £40,000 in the year, how much tax will I pay? Click to reveal the answer.

Explain to students that the personal allowance can change each tax year (which runs April to March) depending the Government's Budget.

Give pupils the opportunity to discuss what they think the Income tax is spent on for **2 minutes**. *Extension:* challenge students to rank the things that they have listed from the most money spent, to the least money spent.

Click to reveal the pie chart of actual spending. Compare the answers the students have given. Were they right? Are they surprised by anything?

Activity 3 - National Insurance (3-5 minutes)

National insurance payments is a brief topic to cover what the payments being made cover:

- Maternity payments - when you are off work to have a baby, you will receive £149 a week for 33 weeks
- Jobseekers allowance - if you are out of work and are actively seeking employment, you can receive £58 a week to assist with this.
- State pensions - we will look at this in the next section.

Activity 4 - Pensions (10 minutes)

Ask the students what a Pension is. Take some ideas and then click to reveal the information on the rest of the slide (slide 9).

Bring up slide 10, which explains what a state pension is and asks the students to consider:

- a) what the state pension age is (clarify that this is the age at which you can start receiving pension payments)
- b) how much state pension per week you will receive.

Discuss their responses to this. What do they think? Is that enough to live on?

Look at the payslip on the slide - there is another pension payment, that is separate from the National Insurance payments... so what is this?

Bring up slide 11 on workplace pensions. Explain what a workplace pension is and ask the same questions again. Note how the age that you can start withdrawing the pension is lower.

Explain how the amount that you get out depends on the amount that you put into the pension. Discuss how your pension pot might be bigger than the amount that you put in. Ask the students why this might be.

Activity 5 - Renting vs Homeownership (10 minutes)

Bring up slide 12. Ensure that students understand the distinction between renting and being a homeowner.

Ask the students to discuss the pros and cons of being a homeowner vs renting (this can be done as each table discussing all options, each table being given one option or through a balloon debate style activity).

Review the answers given and ask the students to vote on and justify what their preference would be (ask the pupils to stand up and go to the left side of the room if they would rent, and the right side if they would like to become a homeowner).

Slide 13 discusses the affordability of a mortgage. Ensure that students are comfortable with the meaning of a mortgage.

Ask them "If you bought a house for £200,000 - would you pay back exactly £200,000? More? Less?"

Discuss the impact of interest and how it is a charge that the bank inputs onto a borrower as a payment for them borrowing money from the bank.

Consider what might happen if you miss payments? (Bank could repossess house, if renting - could be evicted from the house). Draw out that it is sensible to have savings to cover any unexpected payments.

Activity 6 - Other Bills (10 minutes)

Ask pupils to consider what other bills they might need to think about when considering how much they can spend on their housing. Ask them to write down everything they can think of on flipchart paper (**2 minutes**)

Explain that there are other bills that they might not be aware of: TV Licence and Council Tax (students may have identified these - if so praise them for doing so and ask what they know about these bills).

TV Licence - ask students to read through the information provided (slide 15) and think: what would the penalty be if they were caught without a tv licence? (£1000 fine and or prosecution).

Repeat the task for the Council Tax (slide 16) - What is the penalty if students did not pay council tax? (prison sentence).

Section 3: Wrap Up & Reflection (5 minutes)

Give students the opportunity to add to the vocabulary wall and remove any of their questions that have already been answered. Go through any questions that remain and discuss what the answers to these might be.

If time, use slide 19 as a reference for a discussion around the employability skills students have used or developed through the session.

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